

Message Text

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47

ACTION AF-05

INFO OCT-01 ISO-00 EB-05 /011 W
----- 007703

R 030832Z JAN 74

FM AMEMBASSY LUSAKA

TO USDOC WASHDC

INFO SECSTATE WASHDC 9661

AMEMBASSY JOHANNESBURG

AMEMBASSY NAIROBI

LIMITED OFFICIAL USE LUSAKA 0011

E.O. 11652: DECON ON RECEIPT

TAGS: BDIS, ZA

SUBJ: GRZ DISPUTE WITH CARRIER AGENT

1. MINPOWER, TRANSPORT AND WORKS OFFICIALS ASKED EMBASSY DEC 21 TO ASSIST IN BRINGING DISCREETLY TO ATTENTION OF CARRIER AIR CONDITIONING DISPUTE OVER NONCOMPLETION BY CARRIER AGENT, J&F AIR CONDITIONING LTD., OF LARGE (K426,000, WHERE K1,00 EQUALS \$1.56) CONTRACT TO INSTALL A/C SYSTEM IN LUSAKA UNIVERSITY TEACHING HOSPITAL. MINISTRY FEARS DISPUTE COULD GET TIED UP IN COURTS, THEREBY FURTHER DELAYING COMPLETION OF PROJECT (ALREADY TWO YEARS BEHIND SCHEDULE), AND HOPES CARRIER CAN BE PERSUADED SEND APPROPRIATELY QUALIFIED REPRESENTATIVE TO LUSAKA FOR TALKS WITH MINISTRY, OBJECTIVE BEING SPEEDY, AMICABLE SETTLEMENT OUT OF COURT. EMBASSY BELIEVES STAKES ARE HIGH ENOUGH FOR CARRIER, IN TERMS OF PRESENT AND POTENTIAL FUTURE MARKET, TO JUSTIFY COMPLIANCE WITH MINISTRY'S REQUEST.

2. DISPUTE AROSE WHEN GRZ INSPECTOR FORCED J&F TO REMOVE ALREADY-INSTALLED GALVANIZED DUCTING ON GROUNDS IT OF UNSATISFACTORY QUALITY. ACCORDING MINISTRY OFFICIALS, J&F, CLAIMING THIS GREATLY INCREASED ITS COSTS, DEMANDED NEARLY K300,000 IN DAMAGES, LATER REDUCED TO K100,000 "FINAL COMPROMISE OFFER." THEY SAY POOR QUALITY WORK NOT GRZ'S FAULT, AND EXCESS PAYMENT DEMANDED BY J&F FOR PROJECT "IMPOSSIBLE FOR BUREAUCRACY TO MAKE".

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THEY ADD THIS NOT FIRST TIME COMPLAINT HAS BEEN LODGED AGAINST

J&F, WHICH MAY BE USING GRZ EAGERNESS COMPLETE PROJECT TO SOLVE
FIRM'S ALLEGED FINANCIAL TROUBLES. (GRZ OFFICIALS UNDERSTAND
J&F OWES CARRIER \$163,000.) MINISTRY COULD THEORETICALLY
WITHHOLD
FINAL K60,000 PAYMENT DUE ON COMPLETION OF PROJECT,
BUT PROBLEM IS THERE NO OTHER ZAMBIAN COMPANY CAPABLE OF COMPLETING
WORK, PARTICULARLY SINCE J&F USING SPECIAL PNEUMATIC
CONTROL
SYSTEM WHICH GRZ BELIEVES MAY BE PERSONAL INVENTION OF J&F
MANAGING
DIRECTOR, MR. WOOD.

3. REQUEST USDOC CONTACT CARRIER AND URGE THEM SEND QUALIFIED
TECHNICIAN AND SENIOR MANAGER TO LUSAKA WITHOUT RPT WITHOUT
INFORMING J&F. IF APPROPRIATE PERSONNEL AVAILABLE REGIONALLY

(E.G., NAIROBI OR JOHANNESBURG), MATTER MIGHT BE BROUGHT TO
THEIR ATTENTION AS WELL. DELICACY OF SITUATION SHOULD BE STRESSED,
AS PROJECT INVOLVES NOT ONLY GRZ
BUT SVW-CASE HOSPITAL AS
WELL. LWILKOWSKI

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